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(as to Interpleader Only)

8 UNITED STATES DISTRICT COURT  
9 DISTRICT OF NEVADA

10 CHAMPERY RENTAL REO, LLC,

Case No.: 3:17-cv-00162-MMD-WGC

11 Plaintiff,

12 v.

13 UNKNOWN HEIRS OF RAE NOLA  
14 EDWARDS; FEDERAL NATIONAL  
15 MORTGAGE ASSOCIATION; QUALITY  
16 LOAN SERVICE CORPORATION; KERN &  
ASSOCIATES, LTD.; SPRINGLAND  
17 VILLAGE HOMEOWNERS ASSOCIATION;  
All other persons unknown claiming any right,  
18 title, estate, lien or interest in the real property  
described in the Complaint adverse to  
19 Plaintiff's ownership, or any cloud upon  
Plaintiff's title thereto; DOES I through V; and  
20 ROE Corporations I through V,

21 Defendants.

22 \_\_\_\_\_/  
23 FEDERAL NATIONAL MORTGAGE  
ASSOCIATION,

24 Counterclaimant,

25 v.

26 CHAMPERY RENTAL REO LLC,

27 Counter-Defendant.  
28 \_\_\_\_\_/

STIPULATION AND ORDER FOR  
DISBURSEMENT OF SURPLUS  
FUNDS AND DISMISSAL OF  
INTERPLEADER

1 SPRINGLAND VILLAGE HOMEOWNERS  
2 ASSOCIATION,

3 Counterclaimant,

4 v.

5 CHAMPERY RENTAL REO, LLC,

6 Counter-Defendant.

7 \_\_\_\_\_/  
8 SPRINGLAND VILLAGE HOMEOWNERS  
9 ASSOCIATION,

10 Cross-Claimant,

11 v.

12 UNKNOWN HEIRS OF RAE NOLA  
13 EDWARDS; FEDERAL NATIONAL  
14 MORTGAGE ASSOCIATION; QUALITY  
15 LOAN SERVICE CORPORATION; ALL  
16 OTHER PERSONS UNKNOWN  
17 CLAIMING ANY RIGHT, TITLE, ESTATE,  
18 LIEN OR INTEREST IN THE REAL  
19 PROPERTY DESCRIBED IN THE  
20 COMPLAINT ADVERSE TO PLAINTIFF'S  
21 OWNERSHIP, OR ANY CLOUD UPON  
22 PLAINTIFF'S TITLE THERETO; GMAC  
23 MORTGAGE, LLC; MORTGAGE  
24 ELECTRONIC REGISTRATION  
25 SYSTEMS, INC.; OCWEN LOAN  
26 SERVICING, LLC; HOLLYVALE RENTAL  
27 HOLDINGS, LLC; CHAMPERY REAL  
28 ESTATE 2015, LLC; HOLLYVALE  
RENTAL HOLDINGS 2015, LLC; ALL  
THOSE CLAIMING AN INTEREST IN  
2614 SUNNY SLOPE DRIVE #3, SPARKS,  
NV 89434; DOES I through V; and ROE  
Corporations I through V,

29 Cross-Defendants.

30 \_\_\_\_\_/  
31  
32 **STIPULATION AND ORDER FOR DISBURSEMENT OF**  
33 **SURPLUS FUNDS AND DISMISSAL OF INTERPLEADER**  
34

1 Cross-Claimant/Counter-Claimant Springland Village Homeowners Association (the  
2 "Association"), by and through its counsel, Kern & Associates Ltd., Plaintiff/Counter-Defendant  
3 Champery Rental REO LLC ("Champery"), by and through its counsel Hutchinson & Steffen,  
4 and Defendant/Cross-Defendant Federal National Mortgage Association ("Fannie Mae"), by and  
5 through its counsel Aldridge Pite, hereby state, agree, and stipulate as follows:  
6

7 1. This action arises from the Association's NRS Chapter 116 assessment lien  
8 foreclosure sale of certain real property identified below, and the legal dispute as between  
9 Champery and Fannie Mae concerning the legal effect of the Association's foreclosure on Fannie  
10 Mae's deed of trust.  
11

12 2. The Association filed its Counterclaim and Cross-Claim in Interpleader on March  
13 9, 2018 ("Interpleader Action" DE 81 and 82). The Association's Interpleader Action contains a  
14 single claim to distribute surplus funds, less fees and costs incurred by the Association in  
15 connection with the Interpleader Action, remaining from the August 19, 2016 foreclosure sale of  
16 that certain real property located in Sparks, Nevada, commonly known as 2614 Sunny Slope  
17 Drive, #3, Sparks NV, 89434, and more particularly described as:  
18

19 PARCEL 1:

20 UNIT 3 IN BUILDING 12 OF SPRINGLAND VILLAGE UNIT  
21 NO. 1B (A CONDOMINIUM SUBDIVISION), AS SHOWN ON  
22 THE MAP THEREOF, FILED IN THE OFFICE OF THE  
23 COUNTY RECORDER OF WASHOE COUNTY, NEVADA, ON  
24 MARCH 23, 1982, FILE NO. 786846, TRACT MAP NO. 2038.  
25 PARCEL 2:

26 AN UNDIVIDED 1/86<sup>TH</sup> INTEREST IN THE COMMON AREA  
27 OF SPRINGLAND VILLAGE UNIT NO. 1B (A  
28 CONDOMINIUM SUBDIVISION), AS SHOWN ON THE MAP  
THEREOF, FILED IN THE OFFICE OF THE COUNTY  
RECORDER OF WASHOE COUNTY, NEVADA, ON MARCH  
23, 1982.

1 ("Subject Property") and is also identified as APN 030-328-11.

2 3. The Counter-Defendant and Cross-Defendants named herein are all parties who  
3 may have an interest in the Subject Property and the surplus funds remaining after the  
4 Association's foreclosure of the Property, as provided for in NRS 116.31164(7)(b).<sup>1</sup> The statute  
5 sets forth the distribution priority of funds following an association's assessment lien foreclosure  
6 sale conducted pursuant to NRS 116.3116 *et seq.*

7 4. The Association foreclosed its lien for delinquent assessments in accord with the  
8 provisions set forth in NRS 116.3116 *et seq* and sold the Subject Property to the highest bidder  
9 Cross-Defendant Hollyvale Rental Holdings, LLC ("HRH"), predecessor in interest to Champery,  
10 for the sum of \$80,000.00. After payment of the unpaid assessments and permitted foreclosure  
11 fees, surplus funds remain in the sum of \$69,200.00 ("Surplus Funds") and which are held in trust  
12 by the Association's undersigned counsel, Kern & Associates, Ltd.

13 5. The Association, through its counsel, has undertaken efforts to locate and serve  
14 the Counter-Defendant and numerous Cross-Defendants named herein who may have an interest  
15 in the Surplus Funds from the above-referenced foreclosure sale.

16  
17  
18  
19  
20 <sup>1</sup> NRS 116.31164(7) provides as follows:

- 21 7. After the sale, the person conducting the sale shall:  
22 (a) Comply with the provisions of subsection 2 of NRS 116.31166; and  
23 (b) Apply the proceeds of the sale for the following purposes in the  
24 following order:  
25 (1) The reasonable expenses of sale;  
26 (2) The reasonable expenses of securing possession before sale, holding,  
27 maintaining, and preparing the unit for sale, including payment of  
28 taxes and other governmental charges, premiums on hazard and  
liability insurance, and, to the extent provided for by the declaration,  
reasonable attorney's fees and other legal expenses incurred by the  
association;  
(3) Satisfaction of the association's lien;  
(4) Satisfaction in the order of priority of any subordinate claim of record;  
and  
(5) Remittance of any excess to the unit's owner.

1           6.       Counter-Defendant Champery was served with a copy of the Interpleader Action  
2 on or about March 9, 2018 and filed its Answer on April 9, 2018 (DE 110.)

3           7.       Service of the Interpleader Action and Summonses were accepted by counsel for  
4 Cross-Defendants HRH, Champery Real Estate 2015 ("Champery 2015"), and Hollyvale Rental  
5 Holdings 2015 ("HRH 2015") on or about March 19, 2018, and Answers and Disclaimers of  
6 Interest were filed on April 9 and April 10, 2018, respectively. (DE 111 and 113.)

7           8.       Service of the Interpleader Action on Cross-Defendant Fannie Mae (as the holder  
8 of the beneficial interest in the deed of trust encumbering the Subject Property) was on or about  
9 March 9, 2018 (DE 82), and Fannie Mae filed its Answer and Claim to Surplus Funds on March  
10 26, 2018 (DE 104).

11           9.       Service of the Interpleader Action was effected on Cross-Defendants Mortgage  
12 Electronic Systems, Inc. ("MERS"), and Ocwen Loan Servicing, LLC ("Ocwen") on or about  
13 March 15 and 16, 2018 (DE 98 and 103). Ultimately, through counsel, Disclaimers of Interests  
14 and Stipulations for Dismissal were filed for MERS and Ocwen on May 22, 2018, as well as for  
15 Cross-Defendant GMAC Mortgage LLC ("GMAC") (DE 131 and 132.)

16           10.      Cross-Defendant Quality Loan Service was served on or about March 9, 2018 (DE  
17 82) and filed its Declaration of Non-Monetary Status and Disclaimer on or about April 10, 2018  
18 (DE 114).

19           11.      The Association, through its counsel, obtained approval from the Court on March  
20 15, 2018 (DE 96) to complete service by publication on Cross-Defendants (1) ALL THOSE  
21 CLAIMING AN INTEREST IN 2614 SUNNY SLOPE DRIVE #3, SPARKS, NV 89434; (2) the  
22 UNKNOWN HEIRS OF RAE NOLA EDWARDS; and (3) ALL OTHER PERSONS  
23 UNKNOWN CLAIMING ANY RIGHT, TITLE, ESTATE, LIEN OR INTEREST IN THE  
24  
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1 REAL PROPERTY ADVERSE TO PLAINTIFF'S OWNERSHIP, OR ANY CLOUD UPON  
2 TITLE THERETO ("Unknown Cross-Defendants") The Association completed service by  
3 publication on the Unknown Cross-Defendants and filed proof of publication with the Court (DE  
4 120, 121, and 122). No answer or other appearances were made by or on behalf of the Unknown  
5 Cross-Defendants, and defaults were entered against all Unknown Cross-Defendants on May 22,  
6 2018 (DE 130.)  
7

8 12. All Counter-Defendants and Cross-Defendants to the Interpleader Action have  
9 been served, and all Counter-Defendants and Cross-Defendants with the exception of Fannie Mae  
10 and Champery have either been defaulted or disclaimed interest in the Surplus Funds.  
11

12 13. The Association does not claim an interest to the Surplus Funds and is presently  
13 ready, willing and able to disburse the Surplus Funds, less its fees and costs, in accord with  
14 Nevada law.  
15

16 14. Defendant/Cross-Defendant Fannie Mae is the only party which has made a claim  
17 to the Surplus Funds (DE 104), while Plaintiff/Counter-Defendant Champery has asserted that  
18 the deed of trust beneficiary, i.e. Fannie Mae, should receive the Surplus Funds (DE 110, p. 3, ll.  
19 1-4).  
20

21 15. Since the filing of the Interpleader Action, Champery and Fannie Mae have  
22 reached a settlement of the claims asserted against each other in this matter, the terms of which  
23 settlement provide in part for payment of the Surplus Funds to Fannie Mae.  
24

25 16. An Order from this Court authorizing the Association to disburse the Surplus  
26 Funds remaining after its assessment lien foreclosure sale in accord with Nevada law is necessary  
27 and appropriate.  
28

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1 Based upon the foregoing,

2 **IT IS HEREBY STIPULATED AND AGREED** that all parties have been duly served  
3 and given time to assert a claim against the Surplus Funds remaining after the Association's  
4 assessment lien foreclosure sale of the Subject Property;  
5

6 **IT IS FURTHER HEREBY STIPULATED AND AGREED** that through July 9, 2018,  
7 the Association has incurred attorney's fees in amount of \$7,996.00 (27.1 hours at \$295.00 an  
8 hour) and costs in the amount of \$2,609.91 (including \$2,289.00 for publication of summonses  
9 for the Unknown Cross-Defendants), for a total amount of fees and costs of \$10,686.91;  
10

11 **IT IS FURTHER HEREBY STIPULATED AND AGREED** that the fees and costs  
12 incurred by the Association are reasonable and necessary;

13 **IT IS FURTHER HEREBY STIPULATED AND AGREED** that the Association's  
14 counsel Kern & Associates, Ltd., shall be paid from its trust account the amount of \$10,686.91 as  
15 its attorney's fees and costs incurred on behalf of the Association in the interpleader action;  
16

17 **IT IS FURTHER HEREBY STIPULATED AND AGREED** that the remaining Surplus  
18 Funds in the amount of \$58,513.09 shall be disbursed to Defendant/Cross-Defendant Fannie Mae  
19 from Kern & Associates, Ltd.'s trust account in accord with the settlement reached by and  
20 between Plaintiff/Counter-Defendant Champery and Fannie Mae.

21 **IT IS FURTHER HEREBY STIPULATED AND AGREED** that no parties to this action  
22 will have any future claims to the Surplus Funds remaining from the Association's assessment  
23 lien foreclosure sale of the Subject Property; and  
24

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1           **IT IS FURTHER HEREBY STIPULATED AND AGREED** that the Court's Order  
2 approving this Stipulation shall constitute a dismissal of the Interpleader Action with prejudice.  
3 However, the claims and counterclaims, between Champery and Fannie Mae shall remain pending  
4 and will be addressed and resolved through a separate stipulation and order.  
5

6           DATED this 16<sup>th</sup> day of July, 2018.

              DATED this 18<sup>th</sup> day of July, 2018.

7           **KERN & ASSOCIATES, LTD.**

**HUTCHINSON & STEFFEN, PLLC**

8           /s/ Karen M. Ayarbe, Esq.

/s/ Matthew K. Schriever, Esq.

9           KAREN M. AYARBE, ESQ.

              MATTHEW K. SCHRIEVER, ESQ.

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15          Attorneys for Springland Village

              Attorneys for Champery Rental REO, LLC

16          Homeowners Association

17          DATED this 18<sup>th</sup> day of July, 2018.

18          **ALDRIDGE PITE, LLP**

19          /s/ Jory Garabedian, Esq.

20          JORY GARABEDIAN, ESQ.

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26          Attorneys for Federal National Mortgage

27          Association

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**ORDER**

Based upon the foregoing Stipulation between the parties, and good cause appearing:

***IT IS HEREBY ORDERED*** that the Association's counsel Kern & Associates, Ltd., shall be paid from its trust account the amount of \$10,686.91 as its attorney's fees and costs incurred on behalf of the Association in the Interpleader Action;

***IT IS FURTHER HEREBY ORDERED*** that the remaining Surplus Funds in the amount of \$58,513.09 shall be disbursed to Defendant/Cross-Defendant Fannie Mae from Kern & Associates, Ltd.'s trust account in accord with the settlement reached by and between Plaintiff/Counter-Defendant Champerty and Fannie Mae.

***IT IS FURTHER HEREBY ORDERED*** that no parties to this action will have any future claims to the Surplus Funds remaining from the Association's assessment lien foreclosure sale of the Subject Property; and

***IT IS FURTHER HEREBY ORDERED*** that the Court's Order approving this Stipulation shall constitute a dismissal of the Interpleader Action with prejudice.

***IT IS SO ORDERED.***

DATED this 23rd day of July 2018.

  
UNITED STATES DISTRICT JUDGE

**CERTIFICATE OF SERVICE**

Pursuant to the Fed. R. Civ. Proc. 5(b) and the United States District Court CM/ECF Electronic Filing Procedure IV(B), a true and correct copy of the foregoing ***STIPULATION AND ORDER FOR DISBURSEMENT OF SURPLUS FUNDS AND DISMISSAL OF INTERPLEADER*** was transmitted electronically through the Court's e-filing electronic system to the attorney(s) associated with this case.

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DATED this 19<sup>th</sup> day of July 2018.

/s/ Christine A. Lamia

An Employee of Kern & Associates, Ltd.